SaskTel

Financial Statements of

SECURTEK MONITORING SOLUTIONS INC.

December 31, 2010

SecurTek Monitoring Solutions Inc. (SecurTek)
www.securtek.com

SecurTek, a wholly-owned subsidiary of SaskTel, provides commercial and residential security and video monitoring service to customers in Saskatchewan, Alberta, Manitoba, British Columbia, Ontario and Nova Scotia from their monitoring centres in Yorkton, Saskatchewan; Winnipeg, Manitoba, and Aurora, Ontario. Operating monitoring centres leverages SaskTel's call centre, network management and process expertise to provide value-added services. Through their dealer program, SecurTek partners with 139 independently owned firms including retail, wholesale and servicing dealers who provide security sales and service expertise to their customers. Twenty-three of SecurTek's dealers are Saskatchewan-based firms. SecurTek employs 120 full-time equivalent employees.

President's Message

In 2010, SecurTek entered its 12th year of providing excellent monitoring service to its customers and continues to grow and be a Saskatchewan success story. Today, SecurTek is the largest security monitoring company in Saskatchewan serving over 70,000 residential and commercial customers from our head office in Yorkton, Saskatchewan.

With revenues reaching over $19 million for 2010, SecurTek's financial position is strong. Not only does SecurTek provide annual salaries and wages of $4 million into the local Saskatchewan economy, our positive role in the economy reaches beyond Yorkton. Through our established dealer program, we partner with 139 independently owned firms, including retail dealers, wholesale dealers, and servicing dealers. Twenty-three of the dealers are Saskatchewan based firms, and each of them prospers from the relationship, providing income and employment opportunities across the province.

SecurTek is well positioned to thrive in the monitoring industry's competitive market. Our ability to adapt to new technologies, the strength of our dealer network of independent local businesses, the skill and dedication of our employees, and our financial stability as a SaskTel subsidiary all ensure continued success for SecurTek.

I would like to thank our dedicated employees and management team, our authorized dealers and especially our customers for their contributions in making 2010 a successful year.

Barry Rogers
President & Chief Executive Officer

Adoption of International Financial Reporting Standards

Canadian public companies including Government Business Enterprises (GBEs) will be required to prepare their financial statements in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB), for fiscal years beginning on or after January 1, 2011. Effective January 1, 2011, SecurTek Monitoring Solutions Inc. (the Corporation), as a GBE, will adopt IFRS as the basis for preparing financial statements. The Corporation will also provide comparative data on an IFRS basis, including an opening balance sheet as at the date of transition, January 1, 2010.

The Corporation has substantially finalized an IFRS conversion project including selection of accounting policies and financial statement presentation formats and determination of the most significant impacts of IFRS on processes, systems, internal controls over financial reporting and disclosures, and future financial position and results of operations. As part of the IFRS implementation, the Corporation has made changes to certain processes and systems to ensure transactions are recorded in accordance with IFRS for comparative reporting purposes.

The Corporation has provided preliminary draft reconciliations which present the differences between Canadian Generally Accepted Accounting Principles (Canadian GAAP) and IFRS for net income and comprehensive income for the year ended December 31, 2010. There were no IFRS adjustments to the opening statement of financial position as at January 1, 2010, nor the statement of financial position as at December 31, 2010, therefore these statements are not presented. While these reconciliations do not represent an official adoption of IFRS, they provide an indication of the major differences identified to date, relative to the Corporation's historical financial statements. The possibility exists that the information provided may require adjustment before constituting the comparative information in the first complete set of 2011 IFRS financial statements prepared in accordance with IFRS, because of revisions or changes to standards or interpretations on the application of a particular IFRS, or voluntary changes to IFRS 1: "First Time Adoption of Financial Reporting Standards" exemptions (mandatory exceptions and optional exemptions) or policies as selected by the Corporation.

Consolidated Statement of Comprehensive Income for the year ended December 31, 2010
Thousands of dollars

	Note	Canadian GAAP	IFRS Adjustments		IFRS
			Mandatory	Other[2]	
Revenues	1	$19,603	$(318)	$(52)	$19,233
Total Revenue		19,603	(318)	(52)	19,233
Expenses					
Operations		12,260	(318)	(11,942)	-
Goods and services purchased		-	-	6,841	6,841
Salaries, wages and benefits		-	-	5,090	5,090
Depreciation and amortization		5,976	-		5,976
		18,236	(318)	(11)	17,907
		1,367	-	(41)	1,326
Other items					
Interest and related items		(583)	-	583	-
Net finance expense		-	-	(542)	(542)
Net earnings		784	-	-	784
Other comprehensive income		-	-	-	-
Total comprehensive income		$784	-	-	$784

1. The Corporation offers certain incentives to enter into service contracts. These incentives are recorded as a reduction of revenue under IFRS versus an expense under Canadian GAAP. The result is a reduction of revenue and a reduction of goods and services purchased of $317,829.

2. IFRS requires that expenses be classified either by nature or by function for presentation. The Corporation has selected classification by nature. In addition, other reclassifications were required to conform with disclosure requirements for other income and net finance expense.

The IASB plans to make revisions to or replace existing IFRS standards that may impact these areas as well as other accounting issues. Some of the anticipated changes may be in effect prior to the Corporation's transition date, such that IFRS may differ at transition date from its current form. However, it is likely that the majority of the changes will be in effect subsequent to the date of transition; with the result that the impact to the Corporation of adopting IFRS will extend beyond its transitional year.

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INDEPENDENT AUDITORS' REPORT

To The Members of the Legislative Assembly, Province of Saskatchewan

We have audited the accompanying financial statements of SecurTek Monitoring Solutions Inc., which comprise the statement of financial position as at December 31, 2010, the statements of operations and comprehensive income, retained earnings and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform an audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of SecurTek Monitoring Solutions Inc. as at December 31, 2010, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

KPMG LLP

Chartered Accountants

Regina, Canada
February 3, 2011

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KPMG Canada provides services to KPMG LLP.

Statement of Operations and Comprehensive Income

For the year ended December 31, Thousands of dollars	2010	2009 (Restated Note 3)
Operating revenues	**$19,603**	$18,941
Operating expenses		
Operations	**12,260**	11,537
Depreciation and amortization	**5,976**	6,105
	18,236	17,642
Income from operations	**1,367**	1,299
Interest expense	**583**	583
Income before the following	**784**	716
Gain on disposal of intangible assets	**-**	3,087
Net income	**784**	3,803
Other comprehensive income	**-**	-
Comprehensive income	**$784**	$3,803

See Accompanying Notes

Statement of Retained Earnings

For the year ended December 31, Thousands of dollars	2010	2009 (Restated Note 3)
Retained earnings (deficit), beginning of year as previously reported	**$2,051**	$(1,894)
Prior period adjustment (Note 3)	**(395)**	(253)
Retained earnings (deficit), beginning of year as restated	**1,656**	(2,147)
Net income	**784**	3,803
Retained earnings, end of year	**$2,440**	$1,656

See Accompanying Notes

SecurTek Monitoring Solutions Inc.
Statement of Financial Position

As at December 31, Thousands of dollars	2010	2009 (Restated Note 3)
Assets		
Current assets		
Cash	**$6,227**	$3,873
Accounts receivable (Note 10a)	**1,742**	1,708
Current portion of financing leases receivable (Note 4)	**799**	693
Inventory	**21**	53
Prepaid expenses	**205**	165
	8,994	6,492
Financing leases receivable (Note 4)	**999**	1,077
Property, plant and equipment (Note 5)	**816**	1,058
Intangible assets – finite-life (Note 6)	**26,192**	27,089
	$37,001	$35,716
Liabilities and shareholder's equity		
Current liabilities		
Accounts payable and accrued liabilities (Note 10a)	**$1,261**	$878
Services billed in advance	**1,136**	1,018
	2,397	1,896
Long-term debt (Note 7)	**13,566**	13,566
	15,963	15,462
Shareholder's equity		
Share capital and contributed surplus (Note 8)	**18,598**	18,598
Retained earnings	**2,440**	1,656
	21,038	20,254
	$37,001	$35,716

See accompanying notes

On behalf of the Board

Ron Styles

Dale Baron

Statement of Cash Flows

For the year ended December 31,	2010	2009 (Restated Note 3)
Thousands of dollars		
Operating activities		
Net income	**$784**	$3,803
Adjustments to reconcile net income to cash provided by operating activities		
Depreciation and amortization	**5,976**	6,105
Gain on disposal of intangible assets	**-**	(3,087)
Net change in non-cash working capital (Note 10b)	**458**	(487)
Cash provided by operating activities	**7,218**	6,334
Investing activities		
Property, plant and equipment expenditures	**(87)**	(180)
Intangible assets – finite life expenditures	**(4,749)**	(4,452)
Cash used in investing activities	**(4,836)**	(4,632)
Financing activities		
Financing leases receivable	**(995)**	(998)
Payments received on financing leases receivable	**967**	1,194
Cash provided by (used in) financing activities	**(28)**	196
Increase in cash	**2,354**	1,898
Cash, beginning of year	**3,873**	1,975
Cash, end of year	**$6,227**	$3,873

See Accompanying Notes

Notes to Financial Statements

Note 1 – The Corporation

SecurTek Monitoring Solutions Inc. (the Corporation) is incorporated under the laws of the Province of Saskatchewan and is a wholly owned subsidiary of Saskatchewan Telecommunications Holding Corporation (Holdco) providing real time monitoring solutions in select markets in Canada.

The financial results of the Corporation are included in the consolidated financial statements of Holdco. As a wholly owned subsidiary of Holdco, a Saskatchewan Provincial Crown corporation, the Corporation is not subject to Federal or Provincial income taxes in Canada.

Note 2 – Summary of significant accounting policies

These consolidated financial statements have been prepared in accordance with accounting principles generally accepted in Canada (GAAP).

Property, plant and equipment

Property, plant and equipment is recorded at cost, including materials, services and direct labour. Depreciation and amortization is computed on a straight-line basis over the estimated useful life of the asset.

Asset	Estimated useful life
Plant and equipment	4 - 5 years
Customer premise equipment	10 years
Office furniture, equipment and leaseholds	3 - 5 years

Impairment of long-lived assets

Long-lived assets, including property, plant and equipment are amortized over their useful lives. The Corporation reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized on a long-lived asset to be held and used when its carrying value exceeds the total undiscounted cash flows expected from its use and eventual disposal. The amount of loss recorded is determined by deducting the asset's fair value (based on discounted cash flows from its use and disposition) from its carrying value.

Intangible assets - finite-life

Customer accounts acquired individually, with a group of other assets, or through the Corporation's authorized dealers are recorded at cost.

Finite-life intangible assets acquired in a business combination are recorded at cost of acquisition.

Software is recorded at cost of acquisition or development, including where applicable direct development costs, overhead costs directly attributable to development activity and betterment costs.

Notes to Financial Statements

Note 2 – Summary of significant accounting policies, continued

Amortization is calculated on a straight-line basis over the estimated useful lives of the assets.

Asset	Estimated useful life
Customer accounts	5 - 10 years
Software	3 - 5 years

The Corporation annually reviews the amortization method and useful lives of customer accounts.

Finite-life intangible assets are tested for impairment when events or changes in circumstances indicate that their carrying value may not be recoverable. They are written down to fair value when the related undiscounted cash flows are not expected to allow for recovery of the carrying value.

Revenue recognition

Revenues from the monitoring of alarm systems are recognized when services are provided. Installation revenue and financing income related to equipment leased to customers under direct financing leases are recorded as unearned financing income and amortized over the leased term. Financing income is calculated based on rates of interest implicit in the lease terms.

Employee future benefits

The Corporation has defined contribution plans providing pension benefits for its employees. Defined contribution plan costs are recognized as employees render services during the year.

Financial instruments

Upon initial recognition, financial instruments are measured at fair value and are classified as held-to-maturity, held-for-trading, available-for-sale, loans and receivables or other liabilities. Held-to-maturity assets are carried at amortized cost with amortized premiums or discounts and other than temporary losses due to impairment included in net income. Held-for-trading assets and liabilities are carried at fair value with any gains or losses included in net income. Available-for-sale assets are carried at fair value with revaluation gains or losses included in other comprehensive income until the asset is removed from the balance sheet. Loans and receivables, and other liabilities are accounted for at amortized cost using the effective interest method. Transaction costs are included in the initial carrying value of the financial instrument except for held-for-trading instruments in which case they are expensed as incurred.

Use of estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Significant items subject to such estimates include the carrying amounts of property, plant and equipment and underlying estimates of useful lives of depreciable assets, the recoverability of intangible assets and the underlying determinations of average customer account life, and the carrying amounts of accounts receivable and underlying provision for bad debts. Significant changes in the assumptions could materially impact the results reported in future periods.

Notes to Financial Statements

Note 3 – Prior period adjustment

Revenue related to certain customer contracts had been incorrectly recorded for 2009 and prior years. The financial statements have been retroactively restated for all periods presented.

Total adjustments to December 31, 2009 balances are as follows:

Thousands of dollars	Increase (decrease)
Revenue	$(142)
Net income	(142)
Services billed in advance	395
Beginning retained earnings	(253)
Ending retained earnings	(395)

Note 4 – Financing leases receivable

Customer financing on direct financing leases is provided for up to a five year period after which time the ownership of the equipment transfers from the Corporation to the customer.

Thousands of dollars	2010	2009
Financing leases receivable	$2,672	$2,620
Less unearned revenue	874	850
	1,798	1,770
Less current portion	799	693
	$999	$1,077

Note 5 – Property, plant and equipment

	Cost	Accumulated depreciation and amortization	Net book value	
Thousands of dollars			2010	2009
Plant and equipment	$2,587	$2,195	$392	$521
Customer premise equipment	880	483	397	491
Office furniture, equipment and leaseholds	759	732	27	46
	$4,226	$3,410	$816	$1,058

Depreciation and amortization for the year totalled $328,613 (2009 - $324,204).

Notes to Financial Statements

Note 6 – Intangible assets – finite-life

Thousands of dollars	Cost	Accumulated amortization	Net book value 2010	Net book value 2009
Customer accounts	**$58,612**	**$33,286**	**$25,326**	$26,199
Software	**3,857**	**2,991**	**866**	890
	$62,469	**$36,277**	**$26,192**	$27,089

Amortization during the year totalled $5,647,416 (2009 - $5,780,514).

Note 7 – Long-term debt

Thousands of dollars	2010	2009
Due to Holdco, unsecured, bearing interest at Holdco's borrowing rate of 0.61% (2009 – 0.50%) with no fixed repayment terms.	**$369**	$369
Due to Holdco, secured by all assets, bearing interest at 4.40%; repayable in monthly interest only payments of $48,388; due October 2013.	**13,197**	13,197
	$13,566	$13,566

Note 8 – Share capital and contributed surplus, and additional capital disclosures

a) Share capital and contributed surplus

Thousands of dollars	2010	2009
Share capital		
Authorized - unlimited number of class A common shares		
Issued – 6,150,000 shares	**$6,150**	$6,150
Contributed surplus		
Balance, end of year	**12,448**	12,448
	$18,598	$18,598

b) Additional capital disclosures

The Corporation's objectives when managing capital are to ensure adequate capital to support the operations and growth strategies of the Corporation, and to ensure adequate returns to the shareholder.

Notes to Financial Statements

Note 8 – Share capital and contributed surplus, and additional capital disclosures, continued

The capital structure is determined in conjunction with the shareholder based on the approved business plans.

The Corporation monitors capital on the basis of the debt ratio. The ratio is calculated as net debt divided by end of period capitalization. Net debt is defined as total debt less cash. Capitalization includes net debt, share capital, contributed surplus and retained earnings at the period end.

The Corporation's strategy, which is unchanged from 2009, is to maintain a debt to equity ratio of below 45%.

The debt ratio is as follows:

Thousands of dollars	**2010**	2009 (Restated Note 3)
Total debt	**$13,566**	$13,566
Less: Cash	**6,227**	3,873
Net debt	**7,339**	9,693
Equity	**21,038**	20,254
Capitalization	**$28,377**	$29,947
Debt ratio	**25.9%**	32.4%

The Corporation is not subject to any externally imposed capital requirements.

Note 9 – Commitments and contingencies

Commitments

The future minimum payments under the operating leases and contractual obligations for services in each of the next five years are as follows:

Thousands of dollars	
2011	$250
2012	173
2013	-
2014	-
2015	-

The above payments include $387,916 for services with related parties.

Contingencies

In November 2010, the Corporation was served with a Statement of Claim from Laurence Rosenberg and The Accurate Technology Group Inc. arising out of the sale of Manitoba accounts from the Corporation to AAA Alarm Systems Ltd (AAA Alarms) in the summer of 2009. The Plaintiffs do not agree that the Corporation had

Notes to Financial Statements

Note 9 – Commitments and contingencies, continued

complete and unfettered ownership of the accounts to be able to sell the accounts to AAA Alarms. In addition, AAA Alarms has presented the Corporation with a demand letter claiming certain costs arising out of their dispute with Laurence Rosenberg and The Accurate Technology Group Inc. in relation to the sale of these accounts. As yet, the total amount of both claims is undeterminable. The Corporation believes that it has strong defenses to the allegations by the Plaintiffs as well as the claim made by AAA Alarms.

Should the ultimate resolution of these actions differ from management's assessments and assumptions, a material adjustment to the financial position or results of operations of the Corporation could result.

In the normal course of operations, the Corporation becomes involved in various claims and litigation. While the final outcome with respect to claims and litigation pending at December 31, 2010 cannot be predicted with certainty, it is the opinion of management that their resolution will not have a material adverse effect on the Corporation's financial position or results of operations.

Note 10 – Additional financial information

a) Balance sheet

Thousands of dollars	**2010**	2009
Accounts receivable		
Customer accounts receivable	**$1,832**	$1,822
Allowance for doubtful accounts	**(90)**	(114)
	$1,742	$1,708
Accounts payable and accrued liabilities		
Trade accounts payable and accrued liabilities	**$915**	$605
Payroll and other employee-related liabilities	**327**	267
Taxes payable	**19**	6
	$1,261	$878

b) Supplementary cash flow information

Thousands of dollars	**2010**	2009 (Restated Note 4)
Net change in non-cash working capital		
Accounts receivable	**$(34)**	$(240)
Inventory	**31**	(50)
Prepaid expenses	**(40)**	(30)
Accounts payable and accrued liabilities	**384**	216
Services billed in advance	**117**	(383)
	$458	$(487)
Interest Paid	**$583**	$583

Notes to Financial Statements

Note 11 – Financial instruments

The Corporation's financial instruments include cash, accounts receivable, accounts payable and accrued liabilities and long-term debt, which by their nature are subject to risks.

a) Fair value

Fair values approximate amounts at which financial instruments could be exchanged between willing parties based on current markets for instruments with similar characteristics such as risk, principal and remaining maturities. Fair values are estimates using present value and other valuation techniques which are significantly affected by the assumptions used concerning the amount and timing of estimated future cash flows and discount rates that reflect varying degrees of risk. Therefore, due to the use of judgment and future-oriented information, aggregate fair value amounts should not be interpreted as being realizable in an immediate settlement of the instruments.

The following table represents the carrying amounts and fair values of financial assets and liabilities measured at fair value or amortized cost:

Thousands of dollars		2010		2009	
Financial Instruments	Classification[1]	**Carrying Amount**	**Fair Value**	Carrying Amount	Fair Value
Financial assets					
Cash	HFT	**$6,227**	**$6,227**	$3,873	$3,873
Accounts receivable	LAR	**1,742**	**1,742**	1,708	1,708
Financial liabilities					
Accounts payable and accrued liabilities	OL	**1,261**	**1,261**	878	878
Long-term debt	OL	**13,566**	**14,474**	13,566	14,486

[1] Classification details are:
HFT – held-for-trading
LAR – loans and receivables
OL – other liabilities

Determination of fair value

When the carrying amount of a financial instrument is the most reasonable approximation of fair value, reference to market quotations and estimation techniques is not required. The carrying values of cash, accounts receivable, and accounts payable and accrued liabilities approximate their fair values due to the short-term maturity of these financial instruments.

For financial instruments listed below, fair value is best evidenced by an independent quoted market price for the same instrument in an active market. An active market is one where quoted prices are readily available, representing regularly occurring transactions. The determination of fair value requires judgement and is based on market information where available and appropriate. Accordingly, fair value measurements are categorized into levels within a fair value hierarchy based on the nature of the inputs used in the valuation.

Notes to Financial Statements

Note 11– Financial instruments, continued

Level 1 – Where quoted prices are readily available from an active market.
Level 2 – Valuation model not using quoted prices, but still using predominantly observable market inputs, such as market interest rates.

	2010			2009		
Thousands of dollars	**Level 1**	**Level 2**	**Total**	Level 1	Level 2	Total
Long-term debt	**$-**	**$14,474**	**$14,474**	$-	$14,486	$14,486

b) Interest rate risk

The Corporation is exposed to interest rate risk arising from fluctuations in interest rates on short-term obligations and long-term debt. However, due to the nature of the obligations and primarily fixed rate debt, interest rate risk has been assessed as minimal and is therefore not actively managed.

Interest rate risk on short and long-term liabilities are managed based on the refinancing needs of the Corporation using derivative financial instruments when deemed appropriate.

The average effective interest rate on the Corporation's long-term debt was 4.30% (2009 – 4.29%) as was the average interest rate on long-term debt.

c) Market risk

The Corporation is exposed to minimal market risk related to fair value adjustments due to the short-term nature of financial instruments classified as held-for-trading and measured at fair value.

d) Credit risk

The Corporation is exposed to credit risk through its cash and accounts receivable. Credit risk related to customer accounts receivable is minimized because of the large and diverse customer base covering many consumer and business sectors. The Corporation evaluates customer credit risk and limits credit availability when necessary, and pursuant to an agreement with Saskatchewan Telecommunications (SaskTel), the Corporation mitigates its credit risk from the Saskatchewan customers, by selling its receivables to SaskTel for a fee.

The carrying amount of financial assets represents the maximum credit exposure as follows:

Thousands of dollars	**2010**	2009
Cash	**$6,227**	$3,873
Accounts receivable	**1,742**	1,708
	$7,969	$5,581

Notes to Financial Statements

Note 11– Financial instruments, continued

The aging of customer receivables, which indicates potential impairment losses, is as follows:

Thousands of dollars	2010	2009
Current	**$1,370**	$1,261
30-60 days past billing date	**151**	187
61-90 days past billing date	**49**	28
Greater than 90 days past billing date	**262**	346
Total	**$1,832**	$1,822

Provisions for credit losses are maintained and regularly reviewed by the Corporation, based on an analysis of the aging of customer accounts. Amounts are written off once reasonable collection efforts have been exhausted. Details of the allowance account are as follows:

Thousands of dollars	2010	2009
Allowance for doubtful accounts, opening balance	**$114**	$93
Accounts written off	**(300)**	(244)
Recoveries	**-**	-
Provision for losses	**276**	265
Allowance for doubtful accounts, closing balance	**$90**	$114

e) Liquidity risk

The following are the contractual maturities of financial liabilities, including interest payments:

December 31, 2010

Thousands of dollars	Carrying Amount	Contractual cash flows	6 mths or less	7-12 mths	2 years	3-5 years	More than 5 years
Long-term debt	$13,566	$15,213	$291	$291	$950	$13,681	$-
Accounts payable and accrued liabilities	1,261	1,261	1,261	-	-	-	-
	$14,827	$16,474	$1,552	$291	$950	$13,681	$-

December 31, 2009

Thousands of dollars	Carrying Amount	Contractual cash flows	6 mths or less	7-12 mths	2 years	3-5 years	More than 5 years
Long-term debt	$13,566	$15,796	$291	$291	$583	$14,631	$-
Accounts payable and accrued liabilities	878	878	878	-	-	-	-
	$14,444	$16,674	$1,169	$291	$583	$14,631	$-

Sufficient operating cash flows are expected to be generated to fund these contractual obligations.

Notes to Financial Statements

Note 12 – Employee benefit plans

The Corporation has two defined contribution pension plans. The total cost for the defined contribution plans is equal to the Corporation's required contributions. The Corporation's 2010 pension cost and employer contributions are $178,598 (2009 - $167,272).

Note 13 – Related party transactions

Included in these financial statements are transactions with various Saskatchewan Crown corporations, ministries, agencies, boards and commissions related to Crown Investments Corporation of Saskatchewan (CIC) by virtue of common control by the Government of Saskatchewan, and non-Crown corporations and enterprises subject to joint control and significant influence by the Government of Saskatchewan and Holdco (collectively referred to as "related parties").

Routine operating transactions, other than those noted below, with related parties are settled at prevailing market prices under normal trade terms. Other transactions in the normal course of operations are recorded at the exchange amount which is the amount of consideration established and agreed to by the related parties.

These transactions and amounts outstanding at year-end are as follows:

Thousands of dollars	**2010**	2009
Operating revenues	**$391**	$410
Operating expenses	**1,869**	2,006
Accounts payable and accrued liabilities	**78**	53
Accounts receivable	**987**	953

The Corporation participates in customer solutions which may involve delivery of the Corporation's services in conjunction with those of related parties. Participation in these customer solutions is done at no cost to the Corporation as agreed to by the related parties.

In addition, the Corporation pays Saskatchewan Provincial Sales Tax to the Saskatchewan Ministry of Finance on all taxable purchases. Taxes paid are recorded as part of the cost of those purchases.

Other amounts and transactions due to (from) related parties and terms of settlement are described separately in these financial statements and notes thereto.